

Message Text

CONFIDENTIAL

PAGE 01 STATE 111503
ORIGIN EUR-12

INFO OCT-01 ISO-00 DODE-00 COME-00 CIAE-00 PM-04
INR-07 L-03 ACDA-07 NSAE-00 PA-01 SS-15 PRS-01
SP-02 USIA-06 TRSE-00 EB-07 FRB-03 /069 R

DRAFTED BY EUR/RPE: JPOLANSKY:AE
APPROVED BY EUR/RPE: DHSWARTZ
OASD/ISA: WGEORGE (SUBS)
COMM/BEA: CWAITE (SUBS,
-----151726Z 010925 /41
R 151431Z MAY 77
FM SECSTATE WASHDC
TO USMISSION NATO

CONFIDENTIAL STATE 111503

E.O. 11652:GDS

TAGS: EFIN, NATO

SUBJECT:ECONADS: EFFECT OF PRICE CHANGES ON ALLIED DEFENSE
EXPENDITURES

REF: A. USNATO 2746 B. ED/EC/77/8 DTD 28 JAN 77

1. PARA 1 OF REFTTEL A CITED QUESTIONS IN CHAIRMAN BILLY'S
MAY 3 LETTER CONCERNING US DATA. ANSWERS ARE AS FOLLOWS:

A. TOTAL GOVERNMENT EXPENDITURES DEFLATOR - INDEX USED IN
COLUMN 3 OF US REVISED TABLE 3 IS IDENTICAL WITH THAT USED
IN ORIGINAL TABLE 3 OF DIRECTORATE'S DRAFT (REFDOC B). WHILE
THIS INDEX DOES NOT APPEAR IN REVISED TABLE 1, NEITHER DID
IT APPEAR IN TABLE 1 OF DIRECTORATE DRAFT. THE ORIGINAL
TABLE 1 STATES ON LINES 7 AND 8 THE BASIC DATA IN CURRENT
AND CONSTANT PRICES ON WHICH THE INDEX IS BASED. REVISED
TABLE 1 SHOWS THE IDENTICAL BASIC DATA ON THE SAME LINES
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 111503

7 AND 8. SINCE THE DATA IS THE SAME, THE SOURCE IS THE SAME.
THE PROPER TITLE FOR THIS INDEX, AT LEAST FOR THE US, IS
"TOTAL GOVERNMENT EXPENDITURES" BECAUSE IT INCLUDES STATE
AND LOCAL GOVERNMENT EXPENDITURES AS WELL AS THOSE OF THE
CENTRAL (OR FEDERAL) GOVERNMENT.

B. THE CENTRAL GOVERNMENT EXPENDITURES DEFLATOR ON LINE

14, TABLE 1, IS BASED ON CENTRAL GOVERNMENT EXPENDITURES BY OECD DEFINITION. IT EXCLUDES STATE AND LOCAL EXPENDITURES.

C. THE FEDERAL GOVERNMENT EXPENDITURES DEFLATOR ON LINE 17, TABLE 1, IS A COMPOSITE INDEX FOR THE FEDERAL OUTPUT DEFLATOR AND FEDERAL GOVERNMENT OTHER EXPENDITURES DEFLATOR, ALL IN TERMS OF US NATIONAL INCOME AND PRODUCT ACCOUNTS (NIPA) DEFINITIONS. THIS IS IN CONTRAST TO THE CENTRAL GOVERNMENT EXPENDITURES DEFLATOR ON LINE 14 WHICH IS A COMPOSITE OF THE CENTRAL GOVERNMENT COMPENSATION DEFLATOR AND THE CENTRAL GOVERNMENT OTHER EXPENDITURES DEFLATOR, ALL IN TERMS OF OECD DEFINITIONS.

2. FYI--WE HAVE EXPLAINED THE DEFINITION OUTLINED ABOVE AT PREVIOUS ECONADS "EXPERTS" MEETINGS. BUT THESE EXPLANATIONS HAVE BEEN BURIED IN THE WIDE RANGING DISCUSSIONS OF OTHER TOPICS. THE PURPOSE OF THE CURRENT EXERCISE IS TO LINK THE DISCUSSION MORE CLOSELY TO SPECIFIC DATA, THEN TO FOCUS THE DISCUSSION ON THE PROS AND CONS OF SPECIFIC CONCEPTS. END FYI.

3. WE HAVE NOT YET RECEIVED A COPY OF THE INPUT DATA FOR ANY OTHER COUNTRY. UNLESS THIS DATA IS RECEIVED AT LEAST SEVERAL WEEKS IN ADVANCE OF THE MEETING NOW PROPOSED FOR 23 OR 30 JUNE, IT WILL NOT BE POSSIBLE ADEQUATELY TO PREPARE FOR THE DISCUSSION. IT NOW APPEARS THAT MR. CHARLES WAITE, COMMERCE/BEA, WILL BE UNABLE TO ATTEND A MEETING ON 23 OR 30 JUNE BECAUSE OF OTHER TRAVEL COMMITMENTS IN JUNE.
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 111503

WE WOULD PREFER TO SCHEDULE THE NEXT "EXPERTS" MEETING ON DEFLATORS FOR THE SECOND HALF OF SEPTEMBER TO ASSURE ADEQUATE TIME TO RECEIVE AND REVIEW NATIONAL INPUTS BEFORE THE MEETING. MR. WAITE IS EXPECTED TO BE ABLE TO ATTEND AT THAT TIME. CHRISTOPHER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MILITARY EXPENDITURES, ALLIANCE, STUDIES, PRICE TRENDS
Control Number: n/a
Copy: SINGLE
Sent Date: 15-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE111503
Document Source: CORE
Document Unique ID: 00
Drafter: JPOLANSKY:AE
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770172-0986
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770555/aaaabvnn.tel
Line Count: 102
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: ad374693-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 31-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2513019
Secure: OPEN
Status: NATIVE
Subject: ECONADS: EFFECT OF PRICE CHANGES ON ALLIED DEFENSE EXPENDITURES
TAGS: EFIN, NATO
To: NATO BRUSSELS
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/ad374693-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009